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OP IMMED DE HTE #2873 1481653 D 2817102 May 75 FM THE SITUATION ROOM//TOHAK 27//

TO COMPERTIADAMS FOR THE SECRETARY

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VIA 86970 WH50968

ON-FILE NSC RELEASE INSTRUCTIONS APPLY

TOHAK 27

MAY 28, 1975

MEMORANDUM FOR SECRETARY KISSINGER FROM: THE SITUATION ROOM SUBJECT: INFORMATION ITEMS

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USSA, LIBYA CHARGE EGYPT WITH EXAGGERATING ARMS DEAL: THE USBR AND LIBYA HAVE HEER QUICK TO DENY EGYPTIAN CHARGES THAT THE SOVIETS WILL GET BASES IN LIBYA AND HAVE CALLED CATRO'S CLAIMS OF A SA BILLION SAME DEAL "EXAGGERATED." THIS MORNING'S PRESS SAYS SADAT CLAIMS THE ARMS DEAL WAS \$12 BILLION. THE INTELLIBENCE COMMUNITY NOTES THAT CAIRO'S CHARGES ARE INDEED OVERSTATED, BUT MOSCOM AND TRIPOLI APPARENTLY DID ENTER INTO A NEW ARMS AGREEMENT DURING PRENIER KOSYGIN'S VISIT; THE LIB-YANS MAY HAVE AGREED TO PERMIT THE SOVIETS ACCESS TO SOME MILITARY PACYLITIES. A SOVIET OFFICIAL HAS SAID THE DETAILS OF MOSCON'S ARMS BALE WERE TO BE WORKED OUT BY THE SOVIET MILITARY AID DELEGATION WHICH REMAINED IN LIBYA AFTER KOSYGIN LEFT.

DOS, NSA review(s) completed.

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*WHSR COMMENT

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AS FOR BASE RIGHTS, THE SOVIET MILITARY ATTACHE IN CAIRO TOLD SEVERAL COLLEAGUES LAST SATURDAY THAT MOSCOW DID GET PERMISSION TO USE "SOME PACILITIES."
OUT THE POSSIBILITY THAT HE WAS SPREADING INTERSECTION. CREASE EGYPTIAN APPREMENSION. STILL, LIBYAN PRESIDENT GADHAFI HAS BEEN INTERT ON SECURING SOVIET ARMS, NOTES THAT HE MAY HAVE BEEN WILLING TO PERMIT NAVAL VISITS OR SOVIET USE OF LIBYAN SOTL FOR TECHNICAL INTELLIGENCE COL-LECTION.

NORTH KOREA MAY SOON GET LOAN FROM IRAN; MORTH KOREA MAY SOON RECEIVE A SPER-MILLION LOAN FROM IRAN, ENABLING PYONG-YANG TO CLEAR UP A MAJOR PORTION OF ITS DEBTS TO JAPANESE AND WEST EUROPEAN BANKS. IN MARCH, THE TWO COUNTRIES SIGNED A MEMORANDUM OF UNDERSTANDING ON THE LOAN AND ON A FIVE-YEAR, STORM MILLION TRADE AGREEMENT; SEVERAL DETAILS MUST BE WORKED OUT BEFORE THE AGREEMENT IS COMPLETED. THE MORTH KOREANS MAYE ASKED THAT THE LOAN BE IN WEST GERMAN MARKS INSTEAD OF U.S. OOLLARS. THE U.S. PROHIBITS DOLLAR TRANSACTIONS WITH NORTH KOREA.

NORTH KOREA'S PAYMENTS PROBLEM, THE RESULT OF AN ESTIMATED SSSE-MILLION TRADE DEFICIT WITH THE WEST IN 1974, HAS NOW REACHED SEVERE PROPORTIONS AND ITS CREDIT RATING HAS BEEN DAMAGED. TEHRAN HAS MAINTAINED CORDIAL, THOUGH NOT CLOSE, RELATIONS WITH NORTH KOREA. THE SHAM'S SISTER ENDED A VISIT TO PYDNGYANG ON MONDAY. TRADE BETWEEN THE THO COUNTRIES IS NEGLIGIBLE. THE LOAN HOULD PROVIDE IMMEDIATE RELIEF FOR NORTH KOREA'S CURRENT DEST PROBLEMS, BUT IT IS NO SOLUTION FOR THE COUNTRY'S LAGGING EXPORT EARNINGS. MESTERN BANKS AND FIRMS -- ONCE BURNES -- MAY BE HORE CAUTIOUS ABOUT EXMENDING CREDIT. AS A RESULT, PYONGYANG COULD FIND IT HARD TO PURSUE ITS AMBITIOUS PROGRAM OF RAPID INDUSTRIALIZATION THROUGH THE ACQUISITION OF WESTERN TECHNOLOGY.

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ULTRAHRIGHTISTS ATTACK SASQUES, SPANISH PRIME MINISTER ARIAS: THE UNREST IN THE BASSUE PROVINCES OF SMAIN HAS TRIGGERED COUNTERMEASURES BY THE FRANCO GOVERNMENT AND DEMANOS BY ULTRA-RIGHTISTS FOR THE REHOVAL OF PRINE MINISTER ARTAS. LAST WEEK, THE GOVERNMENT IMPOSED A NEWS BLACKOUT ON ALL BUT DPPERTAL REPORTSNO FROM THE THO BASQUE PROVINCES THAT ARE THE BAN FOLLOWED NEWS STORIES UNDER A STATE OF ENERGENCY. ABOUT WIDESPREAD ARRESTS AND HISTREATHENT OF POLITICAL SUS-PECTS AND WAS INTENDED TO PREVENT OPPONENTS OF THE REGIME FROM EXPLOITING THE GOVERNMENT'S PROBLEMS WITH THE BASQUES. LEAFLETS URGING ARTAS TO STEP DOWN HAVE BEEN CIRCULATED! QUE ALLUDED TO PRESIDENT FORDIS VISIT TO MADRID THIS WEEK-END AND SUBSESTED THAT MEATH SHOULD HAVE A LEADER WHO HOULD "DEFEND THE BASES." THE POLICE MADE NO EFFORT TO HALT THE DEMONSTRATION.

ULTRA-RIGHTISTS HAVE LONG SOUGHT TO OUST THE PRINE MINISTER. THEY ARE NOT LIKELY TO SUCCEED NOW, BUT THEY PROBABLY BE-LIEVE THAT THEY CAN EMPRICE PRINCE JUAN CARLOS TO CHOOSE ANDTHER PRINCHINGSTEE WHICH STEEL SUCCEEDS FRANCO. MEANWHILE, THE COMMANDING GENERAL OF THE SIXTH MILITARY REGION, ON A VISIY TO THE BASQUE AREA, SAID THE ARMY IS BEHIND THE POLICE, EVEN IF THE AMMYTE WISSION DOES NOT INCLUDE MAINW TAINING PUBLIC ORDER, STHE SPANISH BISHOPS; ON THE OTHER HAND, HAVE ISSUED A STATEMENT REPUDIATING VIOLENCE IN TERMS THAT MAKE IT CLEAR THAT VIOLENCE, EVEN IN THE NAME OF PUBLIC DRDER. IS UNACCEPTABLE TO THE CHURCH.

ZATRE REFUSES CUT IN PRODUCTION SET BY COPPER CARYELS ONE OF THE FOUR COUNTRIES IN THE INTERGOVERNMENTAL COUNCIL OF COPPER EXPORTING COUNTRIES, HAS REPUSED TO ACCEPT THE COUNCIL'S CUTBACK IN PRODUCTION OF 15 PERCENT. THE CUTBACK WAS TO HAVE BEGUN ON APRIL 15. ZATHE EARLIER WAS REPORTED TO BE STOCKPILING 15 PERCENT OF ITS PRODUCTION. ZAMBIA HAS NOT YET COMPLIED WITH THE CUTBACK, PERU IS SUPPORTING THE CUTBACK PUBLICLY, BUT PROBABLY HAS NOT FULLY INPLEMENTED IT. ONLY CHILE APPEARS TO MAYE CUT BACK PRODUCTION AS AGREED. THE COUNCIL HAS NO MEANS OF ENFORCING THE DECISION.

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THAT DESPITE WORLDWIDE CUTS IN PRO-DUCTION, WORLD COPPER STOCKS ARE HORE THAN ONE MILLION TONS, EQUAL TO TWO MONTHS! CONSUMPTION AT PRESENT RATES. LITTLE INCREASE IN PRICES IS THOUGHT LIKELY UNTIL THE ECONOMIES OF THE MAJOR INDUSTRIAL COUNTRIES RECOVER.

25X1

DPEC PINANCIAL SURPLUSES! THE VALUE OF OIL EXPORTS BY MEMBERS OF THE OPEC PELL TO \$25 BILLION IN THE FIRST QUARTER OF 1975, THIRTEEN PERSENT BELOW THE GUARTERLY AVERAGE OF LAST YEAR. BECAUSE OF THE DECLINE IN ECONOMIC ACTIVITY AND IN IN-VENTORIES HELD BY THE DIL COMPANIES, EXPORT VOLUME SLIPPED TO 25.2 MILLION BARRELS & DAY, COMPARED NITH 28.2 MILLION IN THE PRECEDING QUARTER. THE LARGEST CUTS OCCURRED IN SAUDI ARABIA (OPF 1.6 MILLIAN BARRELS A DAY), NIGERIA (0.4 MILLION BARRELS A DAY), AND THE UAE (O.3 MILLION BARRELS A DAY). IN ADDITION, THE WEIGHTER AVERAGE PRICE OF CRUDES DROPPED SLIBHTLY, AS OIL COMPANIES SOUGHT THE LONEST COST DIL. PRELIMINARY DATA INDICATE THAT IMPORTS INTO OPEC STATES REACHED \$12 BILLION. THE INCREASE FROM THE PREVIOUS GUARTER WAS SMALL, BECAUSE IMPORT GROWTH WAS UNUSUALLY RAPIO IN LATE 1974 AND PRICE IN-CREASES HERE MODERATED. THE PASTEST GROWING MARKETS HERE TRAN, TRAG, ALGERIA, AND NIGERTA.

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THE OPEC STATES HAD AN INVESTABLE SURPLUS OF \$13 BILLION FOR THE BUARTER. IT HOULD HAVE BEEN \$1 BILLION HIGHER HAD IRAN NOT ALLOWED THE GIL CONSORTIUM TO DELAY ITS MARCH PAYMENT UNTIL THE SECOND QUARTER. THE OPEC CURRENT ACCOUNT SURPLUS IS EXPERTED TO DECLINE BY SE BILLION IN THE SECOND QUARTER, TO 59 BILLION. SEASONALLY LONER OIL CONSUMP-TION AND A CONTINUING PEDUCTION OF COMPANY INVENTORIES SHOULD REDUCE OIL EXPORTS BY AT LEAST DI BILLION. CIA ESTIMATES THAT DIEC IMPORTS FOR 1978 AS A MHOLE WILL REACH \$54 BILLION, A BROWNERCENT INCREASES AS AGAINST A 75-PERCENT RISE LAST YEAR. THE SLOWER WISE IS ATTRIBUTABLE TO SMALLER PRICE INCREASES. THE CURRENT ACCOUNT SURPLUS FOR 1975 WILL BE ABOUT \$41 BILLIOM, OR 329 BILLION LESS THAN IN 1974. THE EXPECTED DECLINE IN ACTUAL RECEIPTS IS ONLY SIB BILLION BECAUSE OF LAGS IN OIL RECEIPTS. THIS DECLINE IS SIG BILLION GREATER THAN CIA 能感受了HATED BECAUSE THE WHREDWIDE RECESSION HAS PROVED MORE BEVERE THAN EXPECTED AND BECAUSE OPEC IMPORTS HAVE INCREASED. HORE THAN ANTICIPATED. 1544

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